

AGENDA ITEM NO. 5	
OVERVIEW AND SCRUTINY PANEL	
Date	02 JULY 2012
Title	PROCUREMENT REVIEW

1. PURPOSE

To provide members with an updated Procurement Strategy and Code of Procurement for discussion and comment.

2. KEY ISSUES

- The Council's Procurement Strategy and Code of Procurement have been updated to ensure they continue to meet the Council's objectives.
- Continuing to achieve value for money through procurement processes will contribute to the forecast savings over the medium term.
- The importance of the local economy and how the Council can support this through its procurement processes.
- The proactive relationship the Council has developed with local businesses.
- Links to the Source Cambridgeshire web portal will allow local companies the opportunity to tender for Council contracts across Cambridgeshire and beyond.

3. RECOMMENDATION

That members consider the updated Procurement Strategy and Code of Procurement and recommend any further changes to be incorporated prior to these documents being considered by Corporate Governance Committee and Council.

Wards Affected	All
Forward Plan Reference No. (if applicable)	
Portfolio Holder(s)	Cllr Alan Melton, Leader and Portfolio Holder, Policy and Resources Cllr John Clark, Portfolio Holder, Quality Organisation
Report Originator	Rob Bridge, Corporate Director and Chief Finance Officer Mark Saunders, Chief Accountant Alvin Harrison, Insurance and Procurement Manager
Contact Officer(s)	Rob Bridge, Corporate Director and Chief Finance Officer Mark Saunders, Chief Accountant Alvin Harrison, Insurance and Procurement Manager
Background Paper(s)	Procurement Strategy and Code of Procurement.

1. BACKGROUND TO THIS REVIEW

- 1.1 At the request of the Leader of the Council, the Chairman of Overview and Scrutiny was asked to conduct a review of current Council procurement arrangements.
- 1.2 Members will be aware of the considerable financial challenges the Council has faced over the last two years and is forecast to continue to face over the medium term. Significant savings have been required to achieve a balanced budget and together with the staffing changes which have taken place over the last two years, savings from 'procurement of services' have also made a substantial contribution.
- 1.3 Over the next few years, the Council is forecast to need to make additional savings to achieve a balanced budget. It is, therefore, essential that the Council's Procurement Strategy (its' overall aims and objectives) and its' Code of Procurement (the detailed processes for procuring services and part of the Council's Constitution) ensure that the Council achieves value for money when procuring goods and services.
- 1.4 In addition, with the continuing national and international economic challenges, it is essential that the Council continues to promote procurement opportunities to the local economy and to assist businesses and employment within Fenland, wherever possible. The current Strategy and Code of Procurement already includes these objectives and this review will establish any further measures where appropriate.
- 1.5 At the last Panel meeting, Members were presented with an overview of the proposed review process together with a detailed spend analysis for 2011/12. Examples of procurement savings achieved over the past few years were also presented together with improvements in procurement processes currently being implemented.

2. AIM AND OBJECTIVES OF THIS REVIEW

- 2.1 The aim of this review is to review the Council's current procurement strategy and processes to ensure it is fit for purpose, efficient and non-bureaucratic and supports the local economy.
- 2.2 The objectives of this review can be summarised as follows:
 - To understand the range of goods and services procured by the Council and to quantify the procurement savings achieved by the Council over the last few years.
 - Provide details of the proposed improved processes for procurement and ordering within the Council and also linking in with the 'Source Cambridgeshire' portal.
 - Review the Council's Procurement Strategy and Code of Procurement to make sure it is:
 - Fit for purpose and up to date
 - Flexible
 - Less bureaucratic
 - Easy to follow
 - Establish how the Council's procurement approach can support the local economy, businesses and employment within Fenland.

Timescales of Review Process

- 2.3 The revised Procurement Strategy and Code of Procurement resulting from this review will be required to be approved by the Corporate Governance Committee before being formally adopted by Council. Consequently the timing of this review is proposed as follows:
- **Overview & Scrutiny Panel – 21 May 2012.**
To consider the objectives of the review and to understand the nature of the goods and services procured by the Council. **Completed.**
 - **Overview & Scrutiny Panel – 02 July 2012.**
To review the Council's Procurement Strategy and Code of Procurement recommend updated versions for approval by Corporate Governance Committee and Council.
 - **Corporate Governance Committee – 10 July 2012.**
To review the updated versions of the Procurement Strategy and Code of Procurement.
 - **Council – 26 July 2012.**
To review and approve the updated version of the Procurement Strategy and approve the updated version of the Code Procurement for inclusion within the Council's Constitution.
- 2.4 The above timescale is dependent upon the outcome of this meeting. If Members require any further work/analysis to be carried out, then the timing of the proposed Corporate Governance Committee and Council meetings will be reviewed.
- 2.5 The revised Code of Procurement is also being reviewed by the Council's external auditors, PricewaterhouseCoopers, and any comments they have will be included in the review process.
- 3. PROCUREMENT STRATEGY 2012 - 2015**
- 3.1 An updated Procurement Strategy 2012 – 2015 is attached at Appendix A. The strategy has been updated to reflect the current Council objectives and priorities as detailed in the Corporate Plan 2012 – 2015, approved by Council on 1 March 2012.
- 3.2 At Section 6 of the Strategy, and in line with one of the main objectives of this review, are details of how this Council currently supports and will seek to increase its' support to the local economy and businesses, through its' approach to procurement.
- 4. CODE OF PROCUREMENT**
- 4.1 A revised Code of Procurement is attached at Appendix B. In line with the objectives of this review, the main changes to the Code are as follows:
- rationalisation of the contents and removal of appendices have reduced the size of the document by over half.
 - detailed guidance on various aspects of the procurement process have now been

taken out of the Code. These will now form part of the advice and guidance offered to Service Teams by the Procurement Team.

- strengthening the role of the Procurement Team in providing advice and guidance and having overall responsibility for compliance with the Code (see also paragraph 5 below).
- increasing the opportunities available for local businesses to quote/tender for Council works/contracts.

4.2 Contract limits for supplies and services and works contracts have not been changed. Members are requested to review these limits and either confirm agreement with them or recommend any changes they wish to see.

5. ROLE OF THE PROCUREMENT TEAM

5.1 The Council operates devolved procurement. This means that responsibility for procurement activity lies with each Service Team. However, the Council has a small Procurement Team who are available for advice and with overall responsibility for compliance with the Code and the wider UK and EU legislation

5.2 Prior to entering into any contract arrangement, the Procurement Team should be consulted early on in the process. This should be at the start of considerations, well before any tender documents are prepared. The advantages of this are:-

- advice can be offered on the process to be followed so as to comply with the Council's Code of Procurement and the Public Contracts Regulations.
- by overseeing all contracts, the Procurement Team will get the overall view as to whether there may be advantages of bringing selected contracts together, for example for economies of scale, or even where there is a requirement to bring contracts together to ensure EU compliance.
- the Procurement Team will be able to promote and assist with the use of buying consortia or other available framework agreements, so as to avoid the cost and time of going through the full procurement process.
- the Procurement Team will be able to offer advice to both Service Teams and local businesses to increase the opportunities available to them to quote/tender for Council works/contracts.

5.4 The guidance and instructions issued by the Procurement Team should be followed in all instances, unless there is good reason why they are not believed to be appropriate eg. application of exemption criteria.

5.5 The Procurement Team will not normally lead on the tendering for supplies and services and works. For complex projects, it will be appropriate that the Procurement Team are part of the project team managing the procurement.

5.6 Where contracts are not in place and the procurement of goods and services is occurring on an 'as required' basis, the Procurement Team will assess if a framework needs to be put in place or another contract within the Council can satisfy the requirement.